

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

VENTAS REALTY, LIMITED
PARTNERSHIP,

Plaintiff,

v.

ALC CVMA, LLC, ALC GGMG, LLC
ALC HTIF, LLC, ALC PEDG, LLC, ALC
TPCG, LLC, ALC TISSC, LLC, ALC
TSKG, LLC AND ALC WRWG, LLC, and
ASSISTED LIVING CONCEPTS, INC.

Defendants.

No. 12-CV-3107

Judge Ronald A. Guzman

Magistrate Judge Sidney I Schenkier

**DEFENDANTS ANSWERS AND RESPONSES TO PLAINTIFF'S FIRST SET OF
INTERROGATORIES AND REQUESTS FOR THE PRODUCTION OF DOCUMENTS**

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Attorneys for all Defendants

Defendant Assisted Living Concepts, Inc. ("ALC"), on its behalf and on behalf of all other defendants, responds to Plaintiff Ventas Realty Limited Partnership's ("Ventas") First Set of Requests for Production of Documents and First Set of Interrogatories ("Requests") as follows:

GENERAL OBJECTIONS, RESERVATIONS, AND COMMENTS

In responding to these Requests, ALC makes the following objections, reservations, and comments, each of which is incorporated into each of ALC's responses below regardless of whether they are specifically restated therein.

1. ALC objects to the Requests to the extent they purport to impose obligations upon ALC that are inconsistent with or in addition to those imposed by the Federal Rules of Civil Procedure ("FRCP") or any other applicable court order, statute, rule, or law.

2. ALC's investigation of the facts and discovery of information relating to the claims at issue in this action are continuing. ALC's answers and responses to these Requests are based upon the information and documents currently available to it, and ALC reserves the right to supplement its answers and responses at a later date.

INTERROGATORIES

INTERROGATORY NO. 1:

State the "possible irregularities" ALC is investigating in connection with the Amended and Restated Master Lease Agreement, as stated in the First Form 8-K, and, state all facts and identify all documents, communications, and persons with knowledge, relating to such irregularities.

ANSWER: ALC incorporates each of the General Objections set forth above, as if set forth in their entirety herein. The ALC Audit Committee is conducting a confidential investigation. The Audit Committee has not waived any applicable privilege or protection

relating to its investigation, and the information and documents sought by the request are protected from disclosure by the attorney-client privilege, the work product-doctrine, and the critical self-evaluation privilege. The information and documents sought by the request are also protected from disclosure under the Sarbanes-Oxley Act, which obligates the Audit Committee to respect the confidentiality of certain types of communications it receives in the course of an investigation.

ALC further objects on the ground that the request is not predicated on the allegations of the Amended Complaint. The request seeks information and documents relating to the confidential and privileged investigation being conducted by the ALC Audit Committee. Such a request is overbroad and unduly burdensome, and is not reasonably calculated to lead to the discovery of admissible evidence.

Subject to the foregoing, and without waiving any applicable privilege or protection, ALC voluntarily states that the investigation conducted by the Audit Committee does not relate in any respect to the health or safety of any of the residents at any of the facilities leased from Ventas Realty, Limited Partnership.

INTERROGATORY NO. 2:

State the subject matter of the "ongoing internal investigation" referenced in the Second Form 8-K, and, state all facts and identify all documents, communications, and persons with knowledge, relating to the subject matter of the investigation.

ANSWER: ALC incorporates each of the General Objections set forth above, as if set forth in their entirety herein. The ALC Audit Committee is conducting a confidential investigation. The Audit Committee has not waived any applicable privilege or protection

relating to its investigation, and the information and documents sought by the request are protected from disclosure by the attorney-client privilege, the work product-doctrine, and the critical self-evaluation privilege. The information and documents sought by the request are also protected from disclosure under the Sarbanes-Oxley Act, which obligates the Audit Committee to respect the confidentiality of certain types of communications it receives in the course of an investigation.

ALC further objects on the ground that the request is not predicated on the allegations of the Amended Complaint. The request seeks information and documents relating to the confidential and privileged investigation being conducted by the ALC Audit Committee. Such a request is overbroad and unduly burdensome, and is not reasonably calculated to lead to the discovery of admissible evidence.

Subject to the foregoing, and without waiving any applicable privilege or protection, ALC voluntarily states that the investigation conducted by the Audit Committee does not relate in any respect to the health or safety of any of the residents at any of the facilities leased from Ventas Realty, Limited Partnership.

REQUESTS FOR PRODUCTION

REQUEST NO. 1:

All documents relating to the "possible irregularities" ALC is investigating in connection with the Amended and Restated Master Lease Agreement, as stated in the First Form 8-K.

ANSWER: ALC incorporates each of the General Objections set forth above, as if set forth in their entirety herein. The ALC Audit Committee is conducting a confidential investigation. The Audit Committee has not waived any applicable privilege or protection relating to its investigation, and the information and documents sought by the request are protected from disclosure by the attorney-client privilege, the work product-doctrine, and the

critical self-evaluation privilege. The information and documents sought by the request are also protected from disclosure under the Sarbanes-Oxley Act, which obligates the Audit Committee to respect the confidentiality of certain types of communications it receives in the course of an investigation.

ALC further objects on the ground that the request is not predicated on the allegations of the Amended Complaint. The request seeks information and documents relating to the confidential and privileged investigation being conducted by the ALC Audit Committee. Such a request is overbroad and unduly burdensome, and is not reasonably calculated to lead to the discovery of admissible evidence.

REQUEST NO. 2:

All documents relating to the "ongoing internal investigation" disclosed on page 4 of the Second Form 8-K.

ANSWER: ALC incorporates each of the General Objections set forth above, as if set forth in their entirety herein. The ALC Audit Committee is conducting a confidential investigation. The Audit Committee has not waived any applicable privilege or protection relating to its investigation, and the information and documents sought by the request are protected from disclosure by the attorney-client privilege, the work product-doctrine, and the critical self-evaluation privilege. The information and documents sought by the request are also protected from disclosure under the Sarbanes-Oxley Act, which obligates the Audit Committee to respect the confidentiality of certain types of communications it receives in the course of an investigation.

ALC further objects on the ground that the request is not predicated on the allegations of the Amended Complaint. The request seeks information and documents relating to the

confidential and privileged investigation being conducted by the ALC Audit Committee. Such a request is overbroad and unduly burdensome, and is not reasonably calculated to lead to the discovery of admissible evidence.

REQUEST NO. 3:

All documents identified by You in response to Plaintiffs' First Set of Interrogatories to Defendants.

ANSWER: ALC incorporates each of the General Objections set forth above, as if set forth in their entirety herein. The ALC Audit Committee is conducting a confidential investigation. The Audit Committee has not waived any applicable privilege or protection relating to its investigation, and the information and documents sought by the request are protected from disclosure by the attorney-client privilege, the work product-doctrine, and the critical self-evaluation privilege. The information and documents sought by the request are also protected from disclosure under the Sarbanes-Oxley Act, which obligates the Audit Committee to respect the confidentiality of certain types of communications it receives in the course of an investigation.

ALC further objects on the ground that the request is not predicated on the allegations of the Amended Complaint. The request seeks information and documents relating to the confidential and privileged investigation being conducted by the ALC Audit Committee. Such a request is overbroad and unduly burdensome, and is not reasonably calculated to lead to the discovery of admissible evidence.

Dated this 31st day of May, 2012.

Objections by: 

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Declaration

State of Wisconsin
County of Waukesha

Mary Zak-Kowalczyk depose and state under penalty of perjury: She is Vice President and Corporate Secretary of Assisted Living Concepts, Inc., one the named parties in the above action; that she has read the foregoing Answers to Interrogatories stated above and knows the contents thereof; that said answers were prepared with the assistance and advice of counsel; that the answers set herein, subject to inadvertent or undisclosed error, are based on, and therefore necessarily limited by, the records and information still in existence, presently recollected and thus far discovered in the course of preparation of these answers; consequently, this named party reserves the right to make any changes in the above interrogatory answers if it appears at any time that omissions or errors have been made, or that more accurate information is available; and that subject to the limitations set forth herein, said answers are true to the best of her knowledge, information and belief.

Mary Zak-Kowalczyk

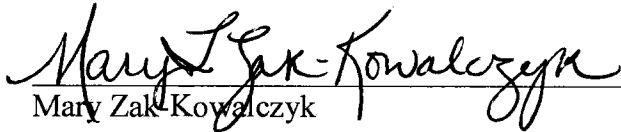
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Mary Zak-Kowalczyk